

Chapter 11: Integrated Issues for Delta Economic Sustainability

A number of issues and strategies cut across multiple chapters and topics that are analyzed in the Economic Sustainability Plan. In this chapter, we explain some of these cross-cutting recommendations in greater detail, and call out a few issues for additional clarification and emphasis. The first integrated issue discussed in this chapter is a more detailed and integrated discussion of the economic development facilitator organization recommended in the recreation and tourism and legacy community chapters. Other issues include the levees and infrastructure system, the future roles of recreation and agriculture in the Delta economy, and how the Economic Sustainability Plan is consistent with the coequal goals of the Delta Reform Act.

1 Integrated Issue 1: Facilitator Organization for Delta Economic Sustainability

1.1 Facilitator Roles and Responsibilities

As discussed in both the recreation and Legacy Community chapters of the Economic Sustainability Plan (ESP), a major challenge to achieving long-term sustainability in the Delta is action-oriented government and public/private coordination. While the Delta holds great potential for new recreational facilities and enhanced Legacy Communities in the future, the public sector must promote and manage sustainable growth in an integrated and holistic fashion. This section explores the concept of designating a “facilitator organization” in the Delta—the Delta Protection Commission or a joint powers authority of local agencies—to strategically coordinate and implement recreation-related projects and economic development.

Economic sustainability in the Delta requires that agricultural and recreational opportunities and the Legacy Communities evolve over time. Currently, the obstacles associated with planning, financing, development, and operation of a significant recreation area or Legacy Community development opportunity is difficult and time consuming. With its multiple cities, counties, special districts (both within and outside the Delta), state and federal agencies, along with numerous nonprofit and for-profit interests, the implementation process is a formidable challenge in the Delta. Complicating matters further, the Delta Stewardship Council, created in legislation to achieve the state mandated coequal goals for the Delta, has proposed additional regulatory policies that apply to certain proposed plans, programs, and projects by local and state agencies (i.e., “covered actions”).

In order to solve some of the complexities related to recreation, the ESP proposes a broad recreation vision concept that is compatible with State Parks Recreation Proposal, which in turn was structured and coordinated with other state agencies. The ESP’s recreation economic development recommendations follow on that planning, in coordination with the Legacy Communities. The Legacy Communities must evolve to better serve and attract visitors to the Delta, by anchoring and enhancing the experience in the Delta. Strategic planning of the Legacy Communities needs to occur in lock step with recreation planning to maximize economic benefits from investments in the Delta.

As presented in Chapter 8, recreation and tourism is an integral part of the Delta, complementing its multiple resources and contributing to the economic vitality of the region. Residents of nearby areas visit virtually every day, generating a total of roughly 12 million visitor days of use annually and a direct economic impact of more than a quarter of a billion dollars in spending. Private enterprise is both the existing and future driver of economic sustainability in the Delta, but its future success level can be shaped by the public facility contributions and

regulatory environment. The implementation of the ESP will be very complex. Overcoming the multiple steps, regulations, and planning processes by either agencies or individuals can be difficult for normal projects, but the multiplicity of agencies and interlocking safeguards and regulations in the Delta multiplies the difficulties. It is recommended that a facilitator organization be named to assist implementation efforts, to coordinate funding, and to stimulate funding for vital actions.

Box 9 National Heritage Area

The Delta Protection Commission, as mandated by SBX-7, is currently completing a feasibility study for a National Heritage Area (NHA) and determining what that designation might mean for the Delta (Senate Bill X7, 2009). Pursuing the NHA designation has also been recommended by the Delta Plan and also in State Parks' recreation proposal for the Delta (State Parks 2011 p. 29-30). The management entity for an NHA may fill some of the needed roles of a facilitator organization.

A National Heritage Area is designated by Congress as "a place where natural, cultural, and historic resources combine to form a cohesive, nationally important landscape." (http://www.delta.ca.gov/res/docs/InfoSheet_NHA.pdf). National stature would be achieved through NHA designation, enabling the Delta to gain visibility as a destination for persons as close as the Bay Area and Sacramento region, as well as on a national and international level. NHA designation can also be used as a marketing tool, to help brand the unique aspects of the Delta, such as its waterways and levees, long history of agricultural production, numerous recreational opportunities and diverse rural communities and cultural groups. Federal seed money is granted with NHA designation, which can be utilized to leverage other funds from public and private sources. NHA designation also has the capabilities to offer the following additional benefits.

- Provide sustainable economic development.
- Promote heritage tourism and recreation in the Delta that is aligned with existing land uses.
- Offer environmental and cultural interpretation and educational opportunities.
- Facilitate partnerships to undertake projects such as historic preservation with the consent and involvement of willing landowners.
- Develop necessary visitor amenities in the Delta such as waste receptacles, public restrooms and directional signage.
- Improve local quality of life and retain local control.

Senator Dianne Feinstein introduced S.29: Sacramento-San Joaquin Delta National Heritage Area Establishment Act on January 25, 2011,¹ while Rep. John Garamendi introduced H.R. 486 on January 26, 2011. Both bills would establish the Sacramento-San Joaquin Delta National Heritage Area and designate the Delta Protection Commission as the management entity. Pursuing the National Heritage Area designation as previously also been recommended by State Parks, the Delta Stewardship Council, and the Delta Blue Ribbon Task Force.

As has been discussed elsewhere in the ESP, the Legacy Communities represent key focal points of Delta culture, and provide logical locations for supporting functions related to agriculture-, recreation-, and population-serving services. As with any community, the physical layout and condition of these communities requires adaptation and improvement over time by private sector investors in order to remain viable. However, this endeavor is not simple in the Delta, and the paucity of recent investment reflects a local land use policy regimen that is problematic in terms of predictability and economic viability. In short, these communities are not living up to their economic potential as catalysts or receivers of economic diversification and growth. Without considerable simplification and coordination of the local investment climate, it is unlikely that the proposed recreational facilities and Legacy Community enhancements

embodied within the ESP will be realized. It is vital that some organization take on the role of actively facilitating solutions and actions to the many impediments to sustained economic viability.

Currently, there are numerous organizations actively involved in implementing Delta-wide programs and services, including the Discover the Delta Foundation and the Delta Chamber of Commerce. These organizations do a lot with limited resources, but currently lack the capacity to implement ambitious recreation and economic development concepts. Coordinated efforts are needed between state and federal agencies, local governments, the private sector, and the local community. Going forward, substantial coordination needs to occur to meet economic sustainability goals in the following areas:

- **Recreation Enhancement.** Recreation facilities require ongoing reinvestment and new investment in order to meet the changing needs and desires of the recreationist or tourist. As previously described, the majority of recreation services are delivered in the Delta by private enterprises, predominantly marinas. Yet, more than 70 percent of the marinas in the Delta are over 40 years old and are in need of an estimated \$127 million in upgrades, replacement, and repair.³¹⁷ Upgrading and enhancing these private facilities, as well as creating new catalyst public/private focal areas for recreation is essential to the continuing economic sustainability of the Delta region.
- **Strategic Levee Protection.** Obtaining adequate flood protection is of the utmost importance in order to foster additional meaningful economic activity in the recreation areas, Legacy Communities, and certain agricultural enterprises. Although levees are costly, improved flood protection is necessary to encourage new investment and reinvestment in the Legacy Communities, particularly in light of recent (and proposed) changes to FEMA maps.
- **Streamlined Entitlement Process.** The complex, multi-jurisdictional entitlement process in the Primary Zone severely limits the ability for new projects to be brought to market. A more transparent and predictable entitlement process would greatly reduce the risk to new economic endeavors in the Delta.
- **Historic Preservation.** The Legacy Communities offer a unique sense of place and history that should be preserved in the built environment for future generations to experience and enjoy. However, as structures age and decline, reinvestment and new investment in real estate is critical to economic sustainability. Therefore, development projects that are consistent with the existing community fabric should be encouraged and embraced. Retaining historical character is critical to the retention and recruitment of businesses in the Legacy Communities.

A well-funded facilitator organization is needed to provide planning consistency in the Delta, guide public and private projects through the regulatory process, contribute technical assistance, obtain supplemental funding (e.g., grants), and offer compelling marketing services. Specific tasks to be conducted by this organization might include the following:

- **Planning tasks** might include the development of approved master or specific plans, synchronized with public and private sector improvements throughout the Primary Zone. Efforts toward consistent planning are needed to achieve consensus concerning

³¹⁷ DBW 2002, p. 5-5 – 5-8

investment priorities. The planning process could also identify and recommend regulatory changes to facilitate realization of these plans.

- **Permit processing** requires clarity and transparency to encourage private sector investment. Permitting should be streamlined and supported by the facilitator organization through technical assistance to investors and developers. In addition, the facilitator would create and maintain a Delta “entitlement handbook” for prospective investors. Another role for this organization may be to recommend ways for agencies to streamline regulations in ways that would encourage appropriate development while continuing to protect the Delta resources.
- **Economic development tasks** could include coordination of economic development efforts with major prospective funding initiatives (e.g., regional tax sharing, broad-based levy assessments, etc.). Economic development efforts would facilitate specific catalyst projects by securing entitlements, assisting in land assembly, and providing “gap funding” (also addressed below). This could also include technical services such as training and professional development support for local businesses.
- **Financial responsibilities** could include prioritization of funding goals, pursuing available state and federal funding, working to create regional funding mechanisms for capital and maintenance, and finalizing annual capital improvement and service provision programs. This function could also include an informational clearing house services to ensure that prospective investors are aware of funding opportunities, tax incentives, and other programs.
- **Marketing responsibilities** are critical to future growth and diversification, and include promotion and coordination of festivals and special events, the formation and organization of wine tours, farm tours, and boat tours, use of web and social media technology linking potential visitors to activities, festivals, and facilities. Overall, serious consideration needs to be given to redefining the Delta through a major marketing and branding campaign, and these efforts need to be linked to specific economic development goals and objectives. By linking projects and events related to the major drivers of tourism (e.g., boaters, fishing organizations, wine purveyors, farm stands, tour operators, and overnight accommodations), visitors could more easily formulate weekend itineraries to take advantage of multiple Delta offerings. Coordinated branding and marketing of certain Delta agricultural products may also increase their recognition and value.
- **Operations and Management responsibilities** may help streamline development and implementation of signage, visitor centers, and/or kiosks at entry points or gateways to the Delta, marina dredging, as well as visitor amenities and sanitation. Implementation and operations of regional land and water trails could also be overseen by this organization. This organization may also assist in coordinating law enforcement and/or emergency response.

1.2 Facilitator Organization Recommendation

It is recommended that a formal and detailed organizational analysis be conducted to take the facilitator organization from concept to reality. There are many types of organizations which could potentially adopt a facilitator role, including nonprofit organizations, public agencies (state and local), public/private partnerships, and others. Existing organizations that currently are

operating in the Delta may have existing alignment with this role (e.g., the Delta Protection Commission, Delta Conservancy, local cities and counties, the Discover the Delta Foundation, State Parks, and others). For example, the Discover the Delta Foundation has built an attractive farmer's market/information center at the junction of state routes 160 and 12, and has plans for a visitor's center. They may be able to partner with others to expand this concept to other gateway areas. A Joint Powers Authority could be developed by Delta counties, cities, and state agencies which own or operate recreation areas in the Delta to provide one-stop visitor information services.

The following are key criteria to consider in either choosing an existing entity or creating a new consortium.

- Support of local communities/governments and state agencies
- Ability to take action and effectuate change
- Flexibility to coordinate between multiple agencies and affected stakeholders
- Funding support for internal operations
- Compatibility with existing mission and orientation
- Ability to coordinate and prioritize funding for competing projects

The facilitator organization will require adequate ongoing funding to plan, develop, market, and, potentially, operate improved facilities and activities. Long-term funding might come from mitigation from future Delta capital projects and potentially through the Delta Investment Fund.

The matrix below presents a listing of existing organizations that could potentially adopt a facilitator role and the criteria that could be used to evaluate which organization could best move forward in this role.

Table 56 Delta Recreation Facilitator Opportunities and Constraints Matrix

	Potential Facilitator						
	Existing Local Control/ No Central Authority	Existing Nonprofit Organization (i.e. Discover the Delta Foundation)	State Parks	Delta Conservancy	National Heritage Area with DPC as management entity	Public/ Private Partnership	Delta Economic Development Joint Powers Authority (cities, counties)
Criteria							
Public/ Private	Both	Private	Public	Public	Public	Private	Public
Can take action and effectuate change	Limited	Limited	Limited	Limited	Yes	Yes	Yes
Funding Potential	As exists	Fundraising potential	Limited	Limited	Matching federal funds	Assessment District on local businesses	Funded by partner agencies - limited
Can coordinate between multiple agencies and stakeholders	No	Maybe	Maybe	Yes	Yes	Yes	Yes
Existing Mission	Yes	No	Partial	Partial	Partial	No	No
Allow for central marketing of Delta	No	Yes	No	Maybe	Yes	Yes	Yes
Produces stability/ encourages facility growth/ improvements	No	Yes	No	Maybe	Yes	Maybe	Maybe
Help alleviate use conflicts	No	Maybe	No	Maybe	Maybe	Maybe	Yes
Can promote/ produce additional festivals/ special events	Yes	Yes	With partners	With partners	With partners	Yes	Yes
Can identify and establish gateways	Yes	Yes	Maybe	Yes	Yes	Yes	Yes
Act as clearinghouse for information for private entrepreneurs	No	Yes	No	Yes	Yes	Yes	Yes
Ability to coordinate and prioritize funding	No	No	No	Yes	Yes DPC, yes, NHA not yet	Yes	Yes
Support of local communities	Yes	Yes	Partial	Not Yet		Yes	Yes

The facilitator must be sufficiently funded to develop, market, and, potentially, operate improved facilities and activities described in this report.

Currently, the two best potential candidates to take on this Facilitator Organization role seem to include the DPC (or some sub-committee thereof), or a Joint Powers Authority (JPA) comprised

of public and/or private entities with the Delta's economic well-being at heart. More discussion regarding each of these potential options follows below:

Option 1: Delta Protection Commission. The Delta Protection Commission is potentially suited to such a role. Its board is composed of both state and local agencies, it has respect from the community, and it has land use authority through the Land Use and Resource Management Plan. The DPC's role could be expanded to include economic development and marketing in the Delta. It would coordinate sustainability planning and development and could administer the Delta Investment Fund in the most effective way to prioritize catalyst projects. Through its potential designation as the management entity of a National Heritage Area (discussed in more detail below), it could undertake Delta-wide marketing and branding. The DPC could work in collaboration with the Delta Conservancy to provide grants and training to local agencies for local implementation of the Economic Sustainability Plan recommended strategies. It could also work with Joint Powers Authorities established between State Parks and local agencies to develop recreation areas or establish Gateways or Basecamps. Potential federal funds to the NHA could be matched through the Delta Investment Fund and the Delta Conservancy funds.

Option 2: County Joint Powers Authority (JPA). Local counties and their related redevelopment agencies have done an excellent job of protecting sensitive agricultural and resource areas and lobbying for improved public facilities (e.g., public moorage). As an alternative to DPC oversight, a Five County JPA could be formed. The strength of this option is related to the fact that individual counties have been excellent stewards of the Delta, have managed public safety and other services provision, and have conducted extensive redevelopment efforts (particularly in Sacramento County) in the past. Counties have been strong advocates for local land use control, and have the inherent trust of the communities in this regard.

2 Integrated Issue 2: Levees and Economic Sustainability

Since the early 20th century, the current-day Delta levee system provides flood control that allows productive agricultural and urban uses of land, channels water for urban and agricultural uses, protects critical infrastructure, and creates a desirable setting for boating and water-based recreation in an environment unique in California. The levee system is the foundation on which the entire Delta economy is built. Therefore, a sustainable Delta economy requires a sustainable levee system.

It has been the goal of the State and the federal government, working through the Department of Water Resources (DWR), the U.S. Army Corps of Engineers (USACE), and the local reclamation districts, to meet the PL 84-99 standard since 1982 when DWR and USACE produced a joint report on the Delta levees which recommended the basis for this standard. If effectively used, funds currently in the pipeline should bring the Delta levees close to achieving this goal. When these funds have been expended, more than \$698 million will have been invested in improvements to the Delta levees since 1973. These improvements have created significantly improved Delta levees through modern engineering and construction, making obsolete the historic data that is still sometimes used for planning or predicting rates of levee failure.

Three approaches can help all jurisdictions and planners further reduce the risks resulting from the failure of the Delta levees. These approaches are: (1) build even more robust levees, (2) improve both regular maintenance and monitoring and flood-fighting and emergency response

following earthquakes, and (3) improve preparedness for dealing with failures after they occur. With regard to the first approach, the big question is not whether they should be improved to the Delta-specific PL 84-99 standard. Instead, the key question is whether in order to support and enhance various in-Delta, regional, state, and federal interests they should be improved to a higher standard in order to address hazards posed by not only floods, but also earthquakes and sea-level rise. Our conclusion is that these improvements would be advantageous not only for flood control and protection against earthquakes and sea-level rise, but because they also would allow for planting vegetation on the water side of the levees—an essential component of Delta ecosystem repair. These further-improved levees would have wider crowns to provide for two-way traffic and could easily be further widened at selected locations to allow the construction of new tourist and recreational facilities out of the statutory floodplain.

Improvement of most Delta lowland levees and selected other levees to this higher standard would cost \$1 to \$2 billion in base construction costs over the cost of reaching the PL 84-99 standard. Including vegetation and habitat enhancement, total program costs might be in the order of \$4 billion, similar to the cost projected by the PPIC (2007) in their “Fortress Delta” alternative. While the billions of dollars required to build levees to this higher standard is an enormous investment, it is a cost-effective joint solution that simultaneously reduces risk to all Delta infrastructure. While a \$12 billion investment in isolated conveyance may allow for somewhat larger water exports, it doesn’t protect other critical infrastructure and billions in additional investments would still be required to protect highways, energy, and other water and transportation infrastructure. Just as a species by species approach is an inefficient and ineffective way to protect ecosystems, a system by system approach is an inefficient and ineffective way to protect the state’s infrastructure.

3 Integrated Issue 3: Relative Roles of Agriculture, Recreation, and Tourism

Agriculture is the main economic driver in the Delta, generating three to five times the regional economic impact of recreation and tourism. On average, a dollar of crop production in the Delta has more regional employment and income impact than a dollar of recreation and tourism spending in the Delta. This result is important for economic sustainability since many proposals to change the Delta would reduce agricultural production with hopes of increasing recreation and tourism. However, the growth of the recreation and agriculture economies is not necessarily in conflict. For example, flood control investments and improved water quality are critical to the future of both the recreation and agriculture economies. In addition, continuing growth in Delta wineries and agritourism will generate income for both sectors.

While recreation trips to the Delta are a significant contributor to the Delta economy and are expected to increase, increasing the economic impact of tourism spending requires increasing spending per trip to the Delta and the local economic impact of spending that does occur. The lower economic impact of recreation and tourism spending is because fuel and retail purchases dominate expenditures for the types of recreation and tourism that are currently available in the Delta. Although these are local expenditures, the goods are typically produced elsewhere have relatively low multiplier effects on the regional economy.

This requires diversification through new investment in high value-added, land-based tourist services that generate more local income and jobs than retail and fuel expenditures. A successful strategy would require significant new investment in hospitality enterprises within the Delta, and also stimulate investments needed to sustain and enhance the large existing economy associated with Delta boating. Increasing day trips for wildlife viewing and other

ecologically-based activities is unlikely to generate significant increases to in-Delta economic activity, especially without new investment in services that encourage longer visits and overnight stays. This is a difficult challenge given the market and regulatory constraints of operating in the Delta. Chapters 8 and 10 provide some visions of more successful recreation and tourism focal points in the Delta that could occur if investment is encouraged and coordinated.

When it comes to agriculture, the prospects for Delta agriculture are good. If land and water resources are protected in the Delta, the plan projects about a 5 percent shift of land towards higher-value vineyards and truck crops, while the corn and alfalfa remaining steady at roughly half of Delta agricultural land with prices remaining strong in the future. If urban encroachment is limited to existing sphere of influence of cities as we recommend, Delta agriculture will lose roughly 26,000 acres and \$44 million in annual output to urbanization at current prices. The Delta could likely absorb a similar loss of agricultural land to habitat through 2050, and still meet the goal of maintaining and enhancing the value of Delta agriculture that will remain a solid, sustainable foundation for the Delta economy.

4 Integrated Issue 4: The Coequal Goals and Economic Sustainability

The Delta Reform Act of 2009 states:

Coequal goals means the two goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The coequal goals shall be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place. (Water Code section 85054)

The Delta Reform Act does not endorse any specific actions to achieve the coequal goals, and there are many options for both water supply reliability and protecting, restoring, and enhancing the Delta ecosystem. It does not precisely define terms such as water supply reliability. Reliability clearly means reducing the risk of catastrophic interruptions and uncertainty over supplies, but it is not clear whether it means an increasing supply of water deliveries. The BDCP alone is evaluating at least five water conveyance options, and it is not evaluating all options, including the investment in a seismically-resistant levee system as described in this plan. Similarly, the BDCP includes 18 non-conveyance habitat strategies and is also not exhaustive of all the options to improve the Delta ecosystem.

The presence of the second sentence acknowledges that the coequal goals could conflict with protecting and enhancing the Delta. While the coequal goals must be satisfied, it expresses a clear preference for strategies that sustain and enhance the Delta over strategies that do not. Thus, one objective of the Economic Sustainability Plan has been to evaluate some of the leading proposals for the Delta to identify the strategies that do and do not “protect and enhance” the Delta. Because of the large number of options to achieve the coequal goals, the Economic Sustainability Plan can still be consistent with the coequal goals even as it recommends against a very small number of the available choices. The “evolving place” phrase recognizes that the Delta will and must change, and that status quo strategies are not acceptable.

The Economic Sustainability Plan recommends a set of actions that would dramatically change the Delta from its current state. The Economic Sustainability Plan would significantly improve water supply reliability by creating a seismically resistant levee system with enhanced

emergency response that effectively addresses the risk of catastrophic, long-term interruption of water deliveries, the most important goal of water supply reliability. The Economic Sustainability Plan recommends many actions to improve the Delta ecosystem, including actions that support the Delta economy and even some actions that have significant costs for the Delta economy. The Economic Sustainability Plan presents a positive view of the Delta's economic future with strategies that are informed and realistic about the challenges it faces. Because of its lower cost and compatibility with Delta economic interests, the Economic Sustainability Plan is also a more feasible and realistic path to achieving the coequal goals than Delta plans that are built around large, isolated water conveyance facilities.